



STATE BOARD OF EQUALIZATION

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JOHN CHIANG
State Controller

CYNTHIA BRIDGES
Executive Director

July 3, 2013

SENT VIA EMAIL

Mr. John Kelly

Dear Mr. Kelly:

As a follow up to our conversation of July 3, 2013, attached is a copy of a letter from the State Board of Equalization to the California Congressional Delegation regarding the Prevent All Cigarettes Trafficking (PACT) Act.

If you have any questions, you may contact me via email at Richard.Parrott@boe.ca.gov, or by phone at (916) 552-8637.

Sincerely,

Richard Parrott
Compliance Branch Manager
Special Taxes Policy & Compliance Division

KellyCoverLetter.docx



STATE BOARD OF EQUALIZATION

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State Controller

CYNTHIA BRIDGES
Executive Director

July 1, 2013

Member, California Congressional Delegation
See Attached List

Dear Congress Member:

I write to inform you that on March 13, 2013, the members of the State Board of Equalization (BOE) voted to support Federation of Tax Administrators (FTA) Resolution 2013-7, Approving Actions of the Tobacco Tax Section (Resolution). The Resolution supports all legislative efforts to amend and/or expand the federal Prevent All Cigarette Trafficking Act (PACT Act) to include cigars and pipe tobacco. The Tobacco Tax Section's state representatives unanimously adopted the resolution at their August 2012 meeting and the FTA subsequently supported it at the national meeting in June 2013.

The legislative efforts set forth in the resolution are necessary to maximize compliance with cigarette and tobacco products tax laws. The Jenkins Act and the PACT Act are valuable federal laws that assist states in collecting taxes and tracking the flow of cigarettes and tobacco products. However, these laws continue to exclude an entire segment of the industry, creating a regulatory gap with regard to cigars and pipe tobacco. Because the PACT Act excludes these products, states have no authority to compel compliance or obtain information related to cigar and pipe tobacco sales from out-of-state sellers. The PACT Act's omission of cigars and pipe tobacco also places in-state cigar and pipe tobacco sellers at a competitive disadvantage, as they must include state excise and sales tax in product pricing.

We respectfully request that you consider legislation to incorporate cigars and pipe tobacco into the PACT Act or an equivalent measure.

Respectfully Submitted,

Cynthia Bridges
Executive Director

CB:djk

cc: Honorable Jerome E. Horton, Chairman
Honorable Michelle Steel, Vice Chair
Honorable Betty T. Yee, First District
Senator George Runner (Ret.), Second District
Honorable John Chiang, State Controller

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2	Honorable	Jared	Huffman	United States House of Representatives	1630 Longworth House Office Building	Washington, DC 20515
3	Honorable	John	Garamendi	United States House of Representatives	2438 Rayburn House Office Building	Washington, DC 20515
4	Honorable	Tom	McClintock	United States House of Representatives	434 Cannon House Office Building	Washington, DC 20515
5	Honorable	Mike	Thompson	United States House of Representatives	231 Cannon House Office Building	Washington, DC 20515
6	Honorable	Doris O.	Matsui	United States House of Representatives	2434 Rayburn House Office Building	Washington, DC 20515
7	Honorable	Ami	Bera	United States House of Representatives	1408 Longworth House Office Building	Washington, DC 20515
8	Honorable	Paul	Cook	United States House of Representatives	1222 Longworth House Office Building	Washington, DC 20515
9	Honorable	Jerry	McNerney	United States House of Representatives	1210 Longworth House Office Building	Washington, DC 20515
10	Honorable	Jeff	Denham	United States House of Representatives	1730 Longworth House Office Building	Washington, DC 20515
11	Honorable	George	Miller	United States House of Representatives	2205 Rayburn House Office Building	Washington, DC 20515
12	Honorable	Nancy	Pelosi	United States House of Representatives	235 Cannon House Office Building	Washington, DC 20515
13	Honorable	Barbara	Lee	United States House of Representatives	2267 Rayburn House Office Building	Washington, DC 20515
14	Honorable	Jackie	Speier	United States House of Representatives	211 Cannon House Office Building	Washington, DC 20515
15	Honorable	Eric	Swalwell	United States House of Representatives	501 Cannon House Office Building	Washington, DC 20515
16	Honorable	Jim	Costa	United States House of Representatives	1314 Longworth House Office Building	Washington, DC 20515
17	Honorable	Mike	Honda	United States House of Representatives	1713 Longworth House Office Building	Washington, DC 20515
18	Honorable	Anna G.	Eshoo	United States House of Representatives	241 Cannon House Office Building	Washington, DC 20515
19	Honorable	Zoe	Lofgren	United States House of Representatives	1401 Longworth House Office Building	Washington, DC 20515
20	Honorable	Sam	Farr	United States House of Representatives	1126 Longworth House Office Building	Washington, DC 20515
21	Honorable	David	Valadao	United States House of Representatives	1004 Longworth House Office Building	Washington, DC 20515
22	Honorable	Devin	Nunes	United States House of Representatives	1013 Longworth House Office Building	Washington, DC 20515
23	Honorable	Kevin	McCarthy	United States House of Representatives	2421 Rayburn House Office Building	Washington, DC 20515
24	Honorable	Lois	Capps	United States House of Representatives	2231 Rayburn House Office Building	Washington, DC 20515
25	Honorable	Buck	McKeon	United States House of Representatives	2310 Rayburn House Office Building	Washington, DC 20515
26	Honorable	Julia	Brownley	United States House of Representatives	1019 Longworth House Office Building	Washington, DC 20515
27	Honorable	Judy	Chu	United States House of Representatives	1520 Longworth House Office Building	Washington, DC 20515
28	Honorable	Adam	Schiff	United States House of Representatives	2411 Rayburn House Office Building	Washington, DC 20515
29	Honorable	Tony	Cárdenas	United States House of Representatives	1508 Longworth House Office Building	Washington, DC 20515
30	Honorable	Brad	Sherman	United States House of Representatives	2242 Rayburn House Office Building	Washington, DC 20515
31	Honorable	Gary	Miller	United States House of Representatives	2467 Rayburn House Office Building	Washington, DC 20515
32	Honorable	Grace	Napolitano	United States House of Representatives	1610 Longworth House Office Building	Washington, DC 20515
33	Honorable	Henry	Waxman	United States House of Representatives	2204 Rayburn House Office Building	Washington, DC 20515
34	Honorable	Xavier	Becerra	United States House of Representatives	1226 Longworth House Office Building	Washington, DC 20515
35	Honorable	Gloria	Negrete McLeod	United States House of Representatives	1641 Longworth House Office Building	Washington, DC 20515
36	Honorable	Raul	Ruiz	United States House of Representatives	1319 Longworth House Office Building	Washington, DC 20515
37	Honorable	Karen	Bass	United States House of Representatives	408 Cannon House Office Building	Washington, DC 20515
38	Honorable	Linda	Sanchez	United States House of Representatives	2423 Rayburn House Office Building	Washington, DC 20515
39	Honorable	Ed	Royce	United States House of Representatives	2185 Rayburn House Office Building	Washington, DC 20515
40	Honorable	Lucille	Roybal-Allard	United States House of Representatives	2330 Rayburn House Office Building	Washington, DC 20515
41	Honorable	Mark	Takano	United States House of Representatives	1507 Longworth House Office Building	Washington, DC 20515
42	Honorable	Ken	Calvert	United States House of Representatives	2269 Rayburn House Office Building	Washington, DC 20515
43	Honorable	Maxine	Waters	United States House of Representatives	2221 Rayburn House Office Building	Washington, DC 20515
44	Honorable	Janice	Hahn	United States House of Representatives	404 Cannon House Office Building	Washington, DC 20515
45	Honorable	John	Campbell	United States House of Representatives	2331 Rayburn House Office Building	Washington, DC 20515
46	Honorable	Loretta	Sanchez	United States House of Representatives	1114 Longworth House Office Building	Washington, DC 20515
47	Honorable	Alan	Lowenthal	United States House of Representatives	515 Cannon House Office Building	Washington, DC 20515
48	Honorable	Dana	Rohrbacher	United States House of Representatives	2300 Rayburn House Office Building	Washington, DC 20515
49	Honorable	Darrell	Issa	United States House of Representatives	2347 Rayburn House Office Building	Washington, DC 20515
50	Honorable	Duncan D.	Hunter	United States House of Representatives	223 Cannon House Office Building	Washington, DC 20515
51	Honorable	Juan	Vargas	United States House of Representatives	1605 Longworth House Office Building	Washington, DC 20515
52	Honorable	Scott	Peters	United States House of Representatives	2410 Rayburn House Office Building	Washington, DC 20515
53	Honorable	Susan	Davis	United States House of Representatives	1526 Longworth House Office Building	Washington, DC 20515
54	Honorable	Barbara	Boxer	United States Senate	112 Hart Senate Office Building	Washington, DC 20510
55	Honorable	Dianne	Feinstein	United States Senate	331 Hart Senate Office Building	Washington, DC 20510